

## Message Text

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43

ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 GSA-01 INT-05 COME-00

TRSE-00 L-03 CIAE-00 INR-07 NSAE-00 /036 W

----- 049494

R 121115Z FEB 76

FM AMEMBASSY GABORONE

TO SECSTATE WASHDC 7636

INFO AMEMBASSY FREETOWN

AMCONSUL JOHANNESBURG

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

USDOC WASHDC

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E.O. 11652: N/A

TAGS: EMIN, EINV, BC, US

SUBJECT: POSSIBLE U.S. INVESTMENT IN DIAMOND CUTTING OPERATION

REF: A) 75 GABORONE A-90, B) USDOC 1937 (NOTAL)

DEPT PASS OPIC

1. SAMUEL R. PATENT OF UNIVERSAL MINES, ACCOMPANIED BY  
NATHAN LEIBLER, PAID CALL ON AMBASSADOR AFTERNOON OF FEBRUARY 11  
TO DISCUSS PROGRESS OF THEIR DISCUSSIONS WITH GOB. ACCORDING TO  
PATENT, TALKS WITH MINISTRY OF MINERAL RESOURCES AND BOTSWANA  
DEVELOPMENT CORPORATION (BDC) OFFICIALS HAVE PROGRESSED RAPIDLY.  
OUTLINE OF PROPOSED OPERATION IS AS FOLLOWS: TOTAL INVESTMENT WILL  
BE DOLS 1.5 MILLION IN NEW ENTITY, TO BE CALLED UNIVERSAL BOTSWANA  
DIAMOND CORPORATION. FIRM WILL BE 50 PERCENT OWNED BY UNIVERSAL  
MINES AND 50PERCENT BY BDC. BDC WILL BE REQUIRED TO ERECT 10,000  
SQUARE FOOT BKILDING AND UNIVERSAL WILL SUPPLY US MACHINERY.  
DURING FIRST YEAR, THERE WILL BE 50-60 CUTTING CHEELS PRODUCING  
DOLS 5 MILLION WORTH OF CUT GEMS. PATENT ANTICIPATES THIS TO  
INCREASE WITHIN THREE YEAR TO 200 WHEELS PRODUCING DOLS 25-30

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MILLION PER YEAR.

2. UNIVERSAL WILL EMPLOY 50 BATSWANA. A FEW WILL BE SENT TO NEW YORK FOR TRAINING; REMAINDER WILL BE TRAINED HERE. A PLANT MANAGER WILL COME FROM NEW YORK ON THREE-YEAR CONTRACT AND AUXILIARY CREW WILL ROTATE BETWEEN BOTSWANA AND NEW YORK AT SHORTER INTERVALS.

3. UNIVERSAL'S PROPOSAL CALLS FOR IT TO RECEIVE 20PERCENT OF BOTSWANA'S ROUGH DIAMOND PRODUCTION. HOWEVER, BOTH UNIVERSAL AND MINISTRY OF MINERLA RESOURCES EXPECT RESISTANCE TO THIS PLAN BY DEBEERS WHICH NOW MARKETS ALL BOTSWANA DIAMONDS THROUGH ITS CENTRAL SELLING ORGANIZATION IN LONDON. ACCORDING TO PATENT, BALEDZI GAOLATHE, PERMANENT SECRETARY OF MINERAL RESOURCES, ALSO EXPECTS THAT RECENTLY CONCLUDED AGREEMENT WITH DEBEERS WILL AGAIN HAVE TO RENEGOTIATED. THEREFORE, IN ORDER TO OVERCOME ANTICIPATED OBJECTIONS, GAOLATHE IS CONSIDERING OFFERING DEBEERS PART OF GOB'S 50 PERCENT PARTICIPATION IN PROJECT.

4. PATENT AND LEIBLER ARE SCHEDULED TO MEET WITH MINISTER OF MINERAL RESOURCES MORNING FEBRUARY 12. PATENT PLANS TO RETURN IMMEDIATELY TO NEW YORK TO DRAFT DETAILED AGREEMENT WHICH HE WILL AIRMAIL TO GAOLATHE. PATNET AGREED TO KEEP EMBASSY INFORMED OF DEVELOPMENTS.

5. AMBASSADOR BRIEFED UNIVERSAL REPS ON OUR INVESTMENT PROMOTION PROGRAM AND OBJECTIVES AND ASSURED THEM OF OUR FULL SUPPORT. UNIVERSAL WAS ENCOURAGED TO APPROACH OPIC ABOUT INVESTMENT INSURANCE.

6. FOR FREETOWN: WOULD APPRECIATE ANY INFORMATION YOU CAN PROVIDE ON UNIVERSAL MINES WHICH HAS BEEN OPERATING THERE SEVERAL YEARS.  
BOLEN

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## Message Attributes

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**TAGS:** EMIN, EINV, BC, US, (PATENT, SAMUEL R)  
**To:** STATE  
**Type:** TE  
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